



Presentation to the House Committee on Insurance: Medicaid Managed Care and the Affordable Care Act

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MEDICAID MANAGED CARE OVERVIEW

Medicaid & CHIP Overview

- Medicaid is a jointly funded state-federal program, with approximately 60 percent of costs covered by the federal government and 40 percent of costs covered by the state for most services.
- Medicaid is always the payer of last resort.
 - All third party insurance carriers, including Medicare, must meet their legal obligation to pay claims before Medicaid pays for the care of an individual on Medicaid
- Medicaid provides health coverage to children and adults who are low income and have disabilities.
- CHIP is also a jointly funded program that provides health coverage to children and pregnant women.
- At the federal level, Medicaid and CHIP are administered by the Centers for Medicare and Medicaid Services (CMS)
- Federal laws and regulations
 - Require coverage of certain populations and services
 - Allow states to cover additional populations and services
- Unlike Medicaid, CHIP is not an entitlement program.
 - Thus, the state sets age and income eligibility, service levels, and delivery systems for CHIP – subject to approval of the federal government.

Medicaid & CHIP Delivery Models

- The Texas Medicaid program provides services to Medicaid eligible individuals through different delivery models.
- Fee-for-Service (Traditional Medicaid)
 - Texas Medicaid pays for services to clients by enrolling providers who contract with Medicaid to provide services on a fee-for-service basis.
 - In FY 2013, approximately 18% of Medicaid clients received services on a fee-for-service basis.
- Managed Care
 - Medicaid Managed Care Programs in Texas:
 - STAR (State of Texas Access Reform) – Acute Care HMO
 - STAR+PLUS – Acute & Long-Term Services and Supports HMO
 - NorthSTAR – Behavioral Health Care HMO
 - STAR Health – Comprehensive managed care program for children in Foster Care
 - Children's Medicaid Dental Services
 - CHIP services are delivered through managed care solely.

Medicaid Managed Care Background

- 1993: 73rd Texas Legislature directed implementation of managed care pilot.
- 1995: 74th Texas Legislature directed the implementation of Medicaid Managed Care in Texas and created the State of Texas Access Reform (STAR) program
- 1996 – 1999: Managed care implemented in urban areas of the state.
- 2003: 78th Texas Legislature passed HB 2292:
 - HHSC must provide Medicaid acute care services through the most cost effective managed care model(s)
 - HMO may not be used in Cameron, Hidalgo or Maverick counties
 - If no model of managed care is cost effective FFS may be used
- 2005 – 2007: Expansion of Managed Care
 - HMO model expansion to urban areas
 - Primary Care Case Management (PCCM) in rural areas and South Texas
- 2012-13: General Appropriations Act assumed savings based on expansion of managed care statewide.
- 2014-14: 83rd Texas Legislature further expanded managed care statewide through SB 7.

Managed Care Objectives

- Establish a medical home for clients through a Primary Care Provider (PCP)
- Emphasize preventative care
- Improve access to and quality of care
- Ensure appropriate utilization of services
- Improve health outcomes
- Improve client and provider satisfaction
- Improve cost effectiveness
- Provide Disease Management

Existing Medicaid Managed Care Programs

- **STAR (State of Texas Access Reform) (1994)**
 - Pregnant women without disabilities and children
 - Provides acute care services
- **STAR+PLUS (1998)**
 - Persons with disabilities and “dual eligibles” (eligible for both Medicare & Medicaid)
 - Integrates acute & Long-Term Services and Supports (LTSS)
- **STAR HEALTH (2008)**
 - Children in Foster Care
 - Provides acute care services with emphasis on behavioral health and medication management
- **Dental Maintenance Organizations (2012)**
 - Provides dental care for children in Medicaid/CHIP

Medicaid Managed Care Expansion

- During the 83rd Legislature, HHSC was directed to expand its STAR+PLUS Medicaid managed care model to 164 additional counties making it a statewide program.
- HHSC was also directed to include individuals with intellectual and developmental disabilities who are receiving services through a 1915(c) waiver or an intermediate care facility to begin receiving their acute care services only through the STAR+PLUS program.
 - The 1915(c) waivers are: Texas Home Living, Community Living Assistance and Support Services, Deaf Blind with Multiple Disabilities and Home and Community-based services.
- These expansions were effective September 1, 2014.
 - The legislature directed that additional populations be served and more services accessed through the Medicaid managed care programs in Texas.

Medicaid Managed Care Expansion: Current Initiatives

- On March 1, 2015, HHSC will begin delivering nursing facility services for most adults ages 21 and older through the STAR+PLUS managed care model.
- Provide home and community-based attendant services and supports to Medicaid recipients with disabilities through Community First Choice.
 - These services will be operational in the fee-for-service model, STAR+PLUS and STAR Health on June 1, 2015.
- The Texas Dual Eligible Integrated Care Project (Dual Demonstration) is a fully integrated managed care model for individuals who are enrolled in Medicare and Medicaid and is scheduled to begin March 1, 2015
 - STAR+PLUS MCOs that provide Medicaid and care coordination services for elderly and disabled Medicaid enrollees in six counties will also cover Medicare benefits.
- STAR Kids is a managed care model program for children and youth age 20 and younger who have Medicaid through SSI or 1915(c) waiver programs.
 - It is scheduled to begin September 1, 2016.

Coordination with TDI

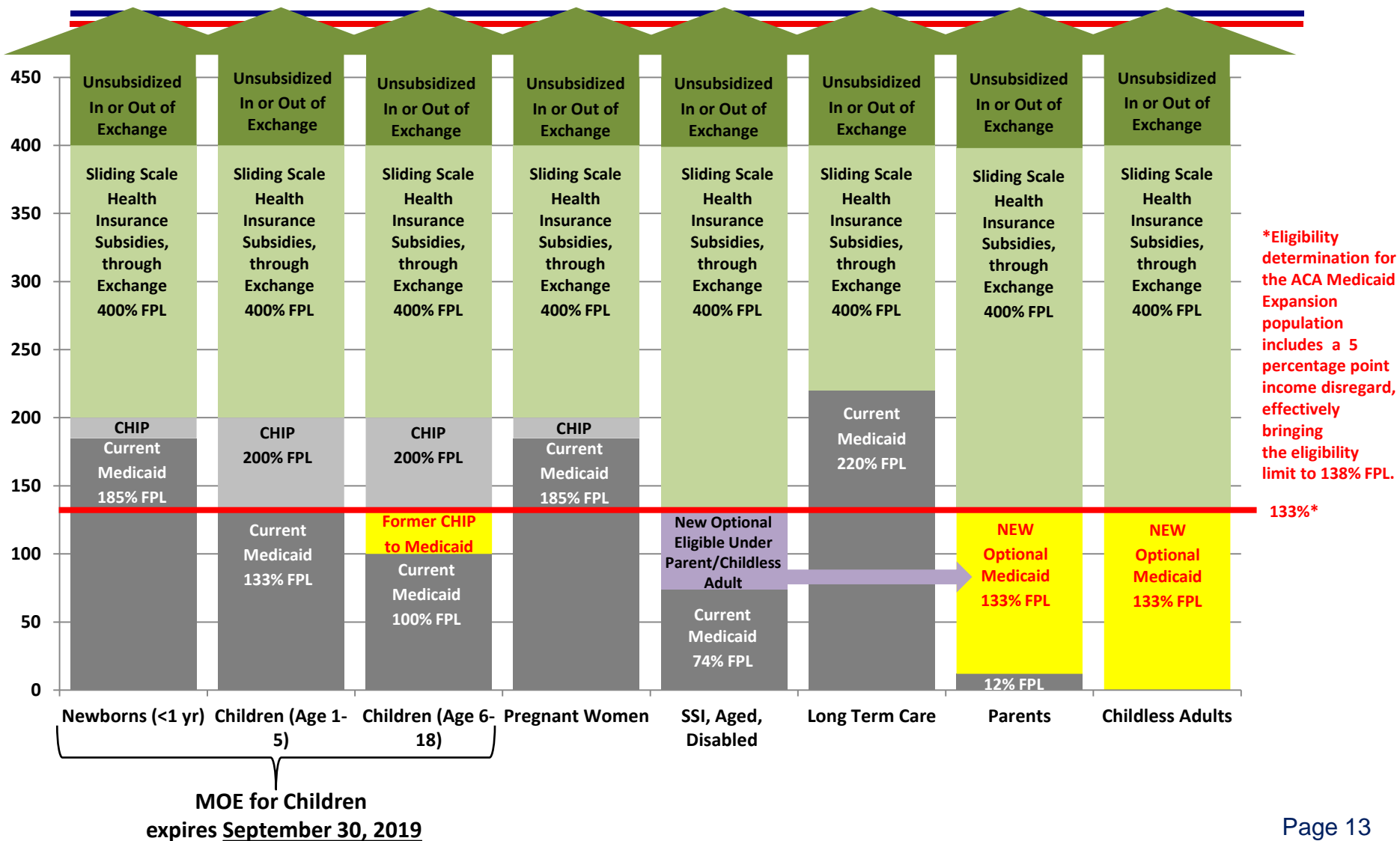
- Each Medicaid and CHIP MCO must be licensed or approved by the Texas Department of Insurance (TDI) in a service area before receiving members.
- As part of this process, TDI reviews several components of MCO readiness, including financial solvency and network adequacy.
- As required by state law, HHSC also completes a thorough readiness review before allowing an MCO to enter into a new service area or program.
- TDI's administrative rules at 28 Texas Administrative Code, 21.2826, include exemptions for Medicaid and CHIP MCOs for some insurance requirements, including claims submission and payment requirements.
- HHCS and TDI staff meet periodically to discuss managed care operational requirements.

Coordination with TDI

- Discussions are held, as needed, among the Texas Association of Health Plans (TAHP), HHSC, and TDI on coordination of insurance regulations that impact Medicaid and CHIP managed care plans and programs.
- TDI convened a committee to work on a streamlined prior authorization form for all payers. HHSC staff participated on the committee.
- Medicaid MCOs follows federal laws and regulations governing member appeals of adverse actions by the MCO. Medicaid members have the right to appeal directly to the MCO or ask for a state fair hearing.

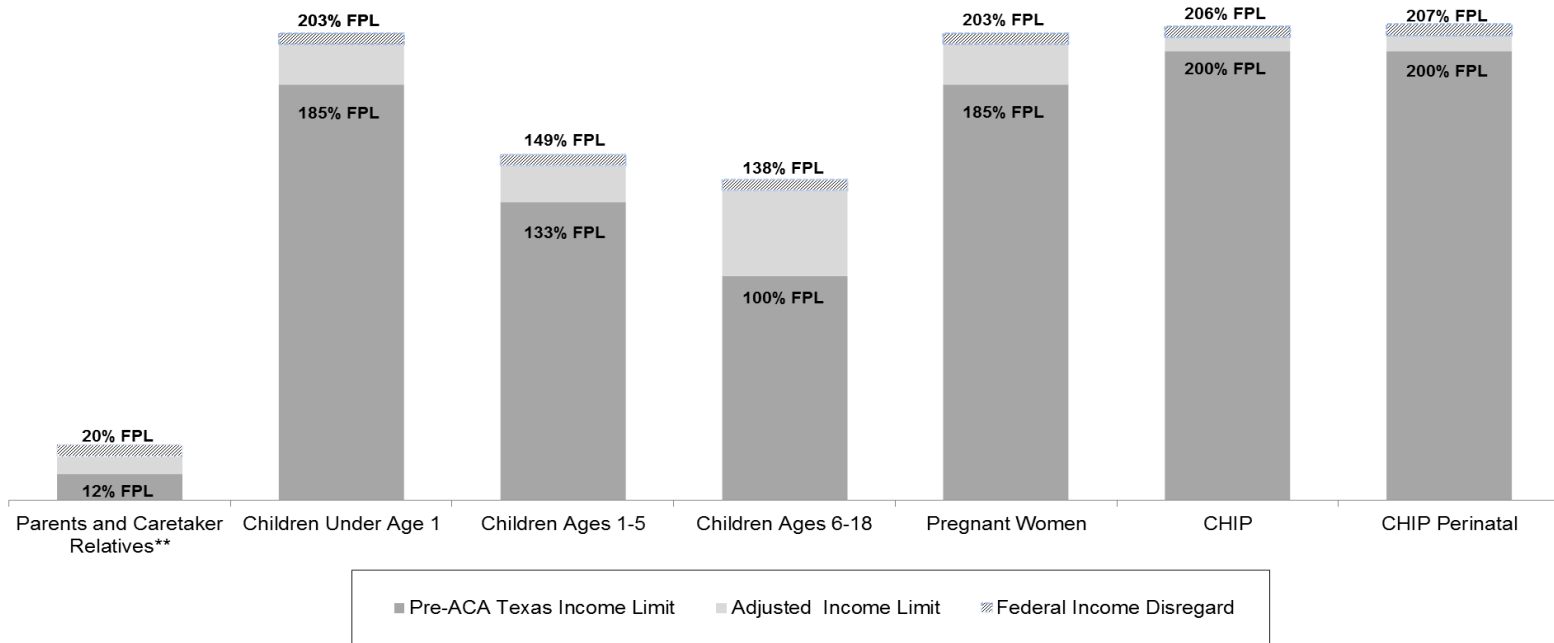
AFFORDABLE CARE ACT OVERVIEW

Post ACA Implementation



ACA Impact on Medicaid & CHIP Income Eligibility Levels

Income Limits for Medicaid & CHIP Programs*



2014 Federal Poverty Levels: Monthly Dollar Amounts

| | <u>100% FPL</u> | <u>133% FPL</u> | <u>200% FPL</u> |
|------------------|-----------------|-----------------|-----------------|
| Family Size of 3 | \$1,650 | \$2,194 | \$3,299 |

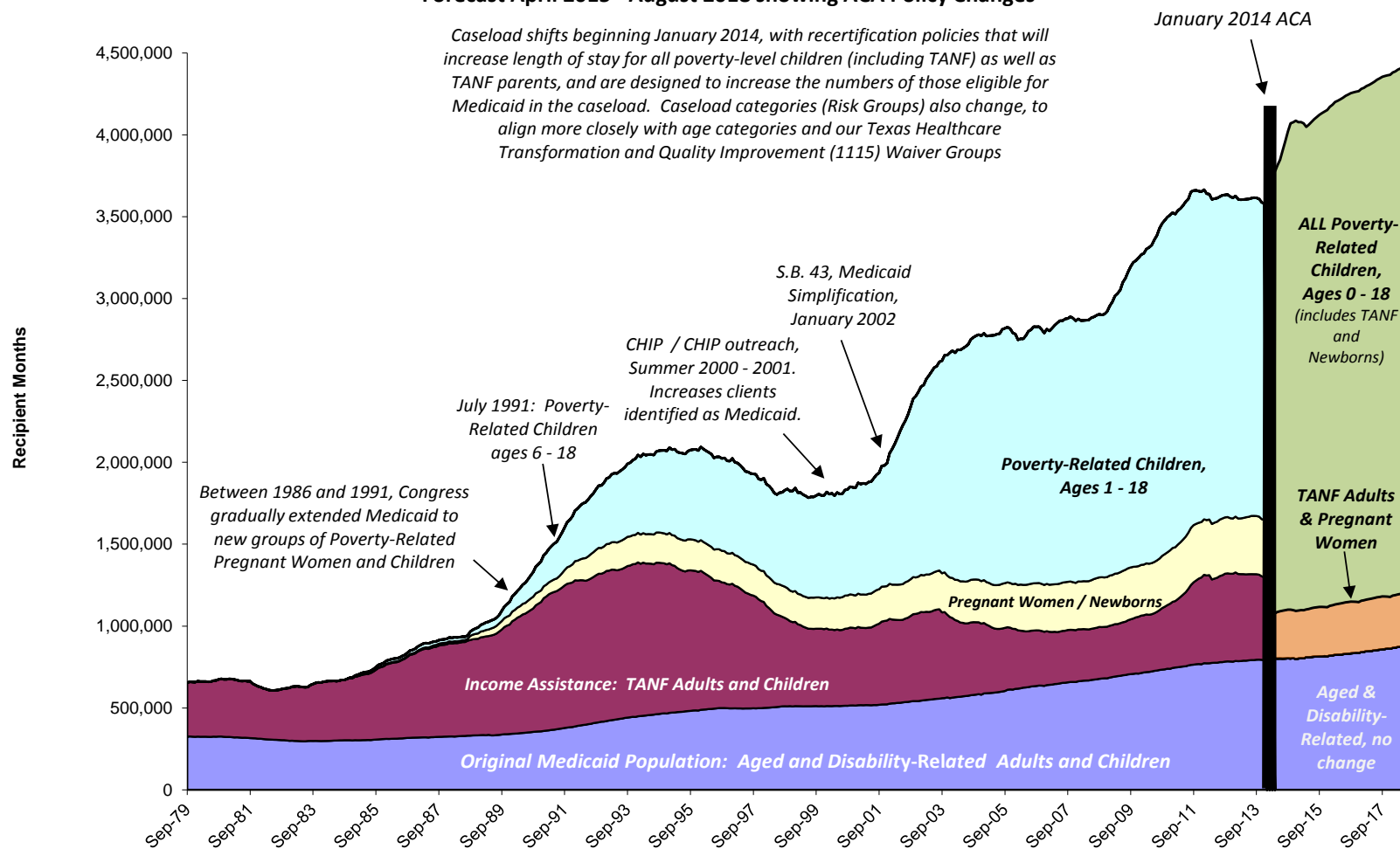
* Effective January 1, 2014, the Affordable Care Act (ACA) required states to: (1) use tax methodologies (Modified Adjusted Gross Income) to determine eligibility for most Medicaid programs and the Children's Health Insurance Program (CHIP); (2) eliminate most income disregards, such as dependent care expenses; (3) adjust income limits to account for MAGI changes; and (4) apply a new federal income disregard equal to 5 percentage points of the federal poverty level.

** Based on two-parent family, family size of three.

Texas Medicaid Caseload

Texas Medicaid Caseload by Group, September 1979 - August 2018

Forecast April 2015 - August 2018 showing ACA Policy Changes



ACA-Related Caseload Projections to Medicaid

Policy Impacts of Affordable Care Act on Medicaid Caseload

ACA-Related Caseload Additions to Medicaid - June 2014 Forecast

| ACA-Related Caseload Additions to Medicaid | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|---|---------------|----------------|----------------|----------------|
| 12-Month Recertification | 8,893 | 168,016 | 222,364 | 244,461 |
| Previously Eligible, Newly Enrolled | 39,848 | 138,694 | 167,281 | 170,310 |
| Foster Care to Age 26 | 1,498 | 4,952 | 5,317 | 5,623 |
| Hospital Presumptive Eligibility | - | 4,374 | 13,433 | 13,488 |
| CHIP to Medicaid (not "New" clients) | 40,190 | 248,939 | 283,337 | 288,668 |
| Total | 90,429 | 564,976 | 691,732 | 722,549 |

HHSC Financial Services, June 2014

April 2014 Forecast, Update June 2014

Note: All FY 2014 numbers are average monthly Recipient Months (annualized)

Previously Eligible, Newly Enrolled clients are those who come on to caseload through marketplace referrals or "welcome mat" impact, and serve to increase our take-up rate

The Outreach Effect

